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FM AMEMBASSY RANGOON

TO RUEHC/SECSTATE WASHDC IMMEDIATE 6674

INFO RUCNASE/ASEAN MEMBER COLLECTIVE

RUEHBY/AMEMBASSY CANBERRA 0594

RUEHBJ/AMEMBASSY BEIJING 1543

RUEHKA/AMEMBASSY DHAKA 4632

RUEHNE/AMEMBASSY NEW DELHI 4125

RUEHUL/AMEMBASSY SEOUL 7684

RUEHKO/AMEMBASSY TOKYO 5243

RUEHCN/AMCONSUL CHENGDU 1220

RUEHCHI/AMCONSUL CHIANG MAI 1125

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RUEATRS/DEPT OF TREASURY WASHDC

RUEHGV/USMISSION GENEVA 3340

RHEHNSC/NSC WASHDC

RUEKJCS/SECDEF WASHDC

RUEKJCS/JOINT STAFF WASHDC

RUCNDT/USMISSION USUN NEW YORK 1026

RUEHBS/USEU BRUSSELS

UNCLAS SECTION 01 OF 03 RANGOON 001015

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STATE FOR EAP/MLS;
PACOM FOR FPA
TREASURY FOR OASIA:SCHUN

E.O. 12958: N/A

TAGS: ECON PGOV ELAB BM

SUBJECT: GOB CURFEW AND INTERNET BAN KILLING BUSINESS

REF: A. RANGOON 1012

1B. RANGOON 1009
1C. RANGOON 970

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11. (SBU) Summary. Although the GOB imposed a nightly curfew and banned outside internet access in order to derail political demonstrations, local businesses have also been derailed by the clampdown. Many companies, particularly those that traditionally do their best business at night, have been forced to reduce hours of operation. Some factories have suspended night operations, while others successfully petitioned the Ministry of Labor for an exemption to the curfew, provided that their staff does not leave the factory grounds at night. The reduction in business hours has hurt many working people, who lost opportunities for overtime hours and extra income. The two-week GOB ban on outside Internet hit businesses hard, although some found ways to negotiate intermittent internet access after curfew and for short bursts during the day. End Summary.

Limited Hours of Operation

12. (SBU) The Burmese Government, in an effort to stop the flow of photos, videos and comments on its violent suppression of anti-government demonstrations, imposed a curfew on September 26. Initially, the curfew was from 9:00 p.m. to 5:00 a.m.; in early October, the GOB announced revised curfew hours from 10:00 p.m. to 4:00 a.m. Many of our business contacts complained that the curfew not only limited the movement people, but also had a very negative effect on local businesses. Captain Aung Khin Myint, a close contact who owns several businesses in the shipping and food industries, noted that the curfew, coupled with limited

access to the internet, affected everyone, from taxi drivers to the presidents of large corporations. Not all businesses in Rangoon operate from 9:00 a.m. to 5:00 p.m., he complained, and those who conduct business at night continue to lose money.

¶3. (SBU) Several of our contacts informed us that businesses that traditionally closed well after 10:00 p.m., including restaurants, bars, and karaoke clubs, were forced to change their operating hours to meet the curfew. Many restaurants and bars now close between 8:00 and 8:30 p.m., enabling their staff to return home before the curfew begins. Several restaurant owners complained to us that in the past two weeks, they have seen a loss in revenue of between 10-25 percent. Not only are people afraid to come out at night, they noted, but most people have less money to spend and transportation at night is increasingly scarce and expensive.

¶4. (SBU) The curfew has also affected wet market and wholesale operations, many of which conducted business at night or early morning hours. Wholesale traders complained to us that they can no longer receive night deliveries and thus have limited goods to sell when the markets open in the morning. Traders reported that they have seen a decrease in sales because of the shorter working hours. Other traders informed us of new difficulties transporting products into Rangoon because of inconvenient train and bus schedules. While most market owners have adjusted to the new schedule, many report that the number of retailers has dropped approximately 25 percent since the curfew was imposed.

¶5. (SBU) The shipping industry has also taken a hit. U Kyaw Win, who owns several garment factories as well as cargo delivery companies, explained that before the curfew, most deliveries were made at night. Because no one is now allowed

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out after 10:00 p.m., trucks transporting goods (such as rice, beans, and other agricultural products) into Rangoon must wait outside the city until the curfew lifts at 4:00 a.m. Transportation companies must pay their drivers overtime, product costs increase, and shipments meant for overseas markets are often delivered late, he lamented. Captain Aung Khin Myint echoed these complaints, noting that his freight forwarding company continues to have problems meeting deadlines because trucks are not allowed on the roads at night.

Fewer Factory Hours, Less Wages for Workers

¶6. (SBU) Prior to the curfew, normal factory working hours were from 7:00 a.m. to 8:00 p.m. 57 percent of factories in Rangoon's industrial zones ran night shifts to meet production demands; the GOB initially demanded a suspension of all night operations. U Zaw Min Oo, owner of Crocodile Trading Company, explained that before the curfew, he ran two shifts at his five factories, from 8:00 a.m. - 8:00 p.m. and from 8:00 p.m. - 8:00 a.m. For the first ten days of the curfew, he closed his factories at 7:00 p.m. Because his night shift employees were not working, they did not receive any salary. He petitioned the Ministry of Labor for an exemption to the curfew, noting that not only was he losing business, but his employees were out of work. The Ministry of Labor has since allowed specific companies to run night shifts, on the condition that the laborers not leave the factory grounds during curfew hours.

¶7. (SBU) Other factories were also forced to change their operation hours to comply with the curfew. For the first week of the curfew, U Kyaw Win closed his three garment factories at 5:00 p.m., providing his employees enough time to return home. His factories now close at 7:00 p.m. Production is down by ten percent, he explained, and it takes longer to fulfill orders. His employees are also unhappy

with the situation: because the factory closes earlier, they no longer earn as much overtime pay. U Kyaw Win said that because of the curfew, his workers receive an average of 5,000 kyat (\$3.65) less a month, a 10-15 percent drop in salary.

Internet Ban Blocks Business

¶ 8. (SBU) Although internet access is now available late at night, from 10:00 p.m. to 4:00 a.m., the Burmese Government continues to control internet access at other times. Since October 9, Embassy officials and contacts have reported limited and sporadic internet access between 12:00 noon and 4:00 p.m. (Reftels A and B). Our business contacts speculated that close allies of the GOB have demanded increased internet access during the daytime. Since very few members of the public have computers at home, only the rich and connected (both politically and electronically) could access the internet during the curfew, they explained. Despite the sporadic availability of internet during the day, many internet cafes in Rangoon remain closed (Ref A).

¶ 9. (SBU) Myanmar Chamber of Commerce member Dr. Maung Maung Lay criticized the internet ban, noting that most entrepreneurs rely on the internet to conduct business. Prior to the internet ban, companies could apply for import/export licenses online, a procedure that the GOB heralded as a new way to reduce licensing delays. Now many companies face difficulties obtaining import/export licenses quickly and are losing many business opportunities, Dr. Maung Maung Lay emphasized. Travel and tour agencies, which rely on the internet to make most bookings, have also lost

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substantial business. Captain Aung Khin Myint concurred, noting that without access to the internet, most freight forwarders and shippers are unable to track their containers and cannot email shipping information and bills of lading to their customers.

Comment

¶ 10. (SBU) Burma's business climate was bad before the curfew and internet ban; the GOB's recent actions have only made the situation dire. The government, focused on maintaining political order in the country regardless of the cost, lacks any real understanding of how its actions negatively affect local business operations and further worsen the popular economic dissatisfaction that sparked the recent protests. The business world has changed markedly since 1988, when the military last faced massive public protest, but their understanding of it has not.

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